

Harris Steel Group Inc.

Revised October 29, 1985 (IC)
 Destroy all previous Basic and White
 cards on this Company

CUSIP Number 414574
 Stock Symbol HSG

Head Office — 20 Queen St. W. (Box 67) Suite 2210, Toronto, Ont. M5H 3R3

Telephone — (416) 585-9425

THE COMPANY is engaged in the fabrication and distribution of steel to the heavy construction industry and manufactures wire products and cold finished bars for general industrial use. The company also performs as a contractor and supplier for major steel construction projects.

Fiscal Year	Total Assets	L.-Term Debt	COMPARATIVE DATA					Earns. Per Sh.	Divds. Paid	Price Range	
			Shldrs.' Equity	Sales	Net Inc. Oper.	High	Low				
			000's							— Class B\$ —	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1984.....	104,102	10,875	32,224	▲172,351	2,982	0.31	0.14	4.38	2.94		
1983.....	97,545	11,050	31,086	▲173,174	3,501	0.36	0.14	4.88	2.15		
1982.....	97,768	9,266	29,785	188,362	4,212	0.44	0.14	3.00	1.50		
1981.....	103,121	11,709	27,064	176,373	8,687	0.53	0.14	4.13	2.25		
1980.....	64,555	7,999	23,117	142,484	4,547	0.49	0.11	2.25	1.95		

▲From continuing operations.

§Adjusted for 2-for-1 split effective Mar. 29, 1985.

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984			
	Outstanding		%
Long-term debt		\$10,874,729	25
Class A stock □	3,317,499 shs. }	3,520,374	8
Class B stock □	1,552,766 shs. }		
Retained earnings		28,703,874	67

□ Subsequently, the class A and B shares were split on a 2-for-1 basis.

SUMMARY STATEMENT

A substantial increase in earnings was registered in the first half of 1985 as the company's construction-related products were booking well and backlogs growing rapidly. For the 1985 half, gross revenue was up 67% to \$127,547,378 and net income of \$3,269,854 compared with \$790,640 for the first six months of 1984.

Results for 1984 included a 15% decline in net income, operations compared with 1983 results. Although there were no extraordinary items in 1984, an extraordinary loss on discontinuance of operations in 1983 reduced the net income for that year to \$2,665,259.

A 2-for-1 stock split of the class A and B shares was effected by the issuance of one additional share to shareholders of record Apr. 11, 1985. Annual dividend rate following the stock split was set at 20 cents with the quarterly payment of five cents per share on June 28, 1985.

A private placement of 2,000,000 class A non-voting shares for a gross purchase price of \$18,500,000 was completed in September, 1985. The transaction gives the company substantial additional equity and negligible debt. The company intended to use this increased financial strength to exploit opportunities in its marketplace, both by internal expansion and by acquisition.

Acquisition of Steel Structures Holding Corp. of Upper Saddle River, New Jersey, was completed on Oct. 2, 1984 for \$4,945,609 cash. This new subsidiary subsequently purchased the structural steel fabrication assets of Lewis Industries in Bethlehem, Pa. making the company's structural steel fabrication capacity in the U.S. roughly equal to its Canadian capacity.

N.B.—For quick reference data, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

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QUICK REFERENCE DATA

Major Shareholders—At May 30, 1985, M. E. Harris beneficially owned 1,607,218 (51.75% of the class B shares) and 2,961,238 class A shares (44.63% of non-voting class A shares) and Dominion Scottish Investments Limited held 440,000 class B shares (14.17% interest) and 862,800 class A shares (13% of non-voting class A shares).

Employees—The company had 1,506 employees at December 31, 1984.

Incorporation—Ontario charter, May 20, 1953.

Auditors—Coopers & Lybrand, C.A., Toronto.

Fiscal Year Ends—December 31.

Annual Report Appeared—In May in 1985.

Annual Meeting—June 25 in 1985.

Shareholders—At December 31, 1984, there were 543 class A and 348 class B shareholders.

Bankers—Royal Bank of Canada, The Toronto-Dominion Bank.

Listed—HSG, Toronto Stock Exchange.

Registrar and Transfer Agent—National Trust Company, Toronto.

COMPANY

The company is a major supplier, manufacturer and subcontractor in the industrial construction field and is engaged in the manufacture and installation of steel bar supports.

Subsidiaries are engaged in the fabrication and erection of structural steel; manufacture and distribution of carbon steel products; the design and installation of post-tensioning systems; the manufacture and distribution of industrial wire products and welded wire mesh; the manufacture and distribution of heavy industrial steel and aluminum gratings; and the production and marketing of epoxy coated reinforcing steel bars.

OPERATIONS

The company is organized into separate operating groups, which are all part of the "Harris Steel Group".

Harris Steel/VSL and G&H Steel, as a group, are responsible for rebar supply and fabrication, erection, post tensioning, Stricon splices and epoxy coating in Canada. The plant is located in Stoney Creek (Hamilton), with branches in London, Windsor, Thunder Bay, Halifax, St. John's, Calgary, Edmonton and Vancouver. Epoxy coating increases the life of a steel structure from an average of three to 18 years to 50 years or more, at an additional 2% to 3% of the cost of the total structure. In November, 1984, epoxy coating equipment was installed in the Vancouver plant.

G & H of Delta, B.C. is engaged in the fabrication and placing of materials used to reinforce concrete in all types of construction. G&H also markets the company's "Epoxicote" in B.C.

Laurel Steel Products Limited, located in Burlington, Ont., and **Laurel Steel of New England Inc.**, of Mansfield, Mass., produce low carbon wire, shaped wire, wire accessories, welded wire mesh, reinforced steel bar supports and cold finishing bars for general industrial use. A new manufacturing operation in Novi, Detroit commenced production in May, 1984.

In 1984, the company commenced its second major expansion in two years. The \$2,000,000 expansion will allow Laurel to upgrade its welding capacity.

Frankel Steel Limited, Frankel Steel Construction Services Limited and Central Fabricators Ltd. are responsible for the supply, fabrication and erection of structural steel through facilities located at Milton, and

Sarnia Ont. The division also contracts internationally. **Steel Structures Holding Corp.** of Upper Saddle River, New Jersey, was acquired on Oct. 2, 1984. Through its subsidiaries, Steel Structures has been active for over 25 years in the fabrication and erection of structural steel in New York, New Jersey, Pennsylvania and Connecticut. This company brought to the Harris Group the Staggered Steel Truss building system, a system which produces a rigid structure in less time and at a lower cost. In January, 1985, a 250,000 ft. plant in Bethlehem, Penn. was acquired.

Steel grating for industrial construction is carried out through **Fisher & Ludlow Division of Laurel Steel Products** in a plant located in Burlington, with branches in Vancouver, Calgary and Longueuil. The plant has a capacity of 35,000 tons per annum.

Second Manufacturing Division of Laurel Steel Products, located in Hamilton, Ont., designs, manufactures and installs light to heavy capacity steel cranes as well as industrial doors and provides strong service capability for cranes, doors and machine shop products.

Thomson Steel Company Incorporated markets and distributes the company's products in the United States.

PROPERTIES

The company operates from facilities at the following locations:

Harris/VSL—Stoney Creek, 45,000 sq. ft. leased and 47,000 sq. ft. owned facilities. Branches are located in Edmonton, 24,000 sq. ft., owned and Windsor, 5,750 sq. ft. leased. **Epoxicote Rebar Inc.** is located at a 100,000 sq. ft. owned facility, in Burlington. In 1984, a facility to manufacture epoxy will be established in Vancouver.

Laurel Steel—Burlington, Ont. at 100,000 sq. ft. owned facility and a new manufacturing facility in Detroit. **Fisher & Ludlow** owns a 64,000 sq. ft. facility at Burlington. Branches are located at Port Moody and Calgary in 14,000 sq. ft. of leased space.

Second Manufacturing has a 140,000 sq. ft. leased facility at Stoney Creek and a 3,200 sq. ft. leased facility in Edmonton.

Frankel Steel's office is located in 17,500 sq. ft. of leased space in Rexdale. The plant is in a 155,000 sq. ft. company owned plant in Milton. **Frankel Steel (Sarnia)** leases 10,000 sq. ft. in Sarnia and **Central Fabricators** owns 20,000 sq. ft. in Edmonton.

Steel Structures Holding Corp. is located in Upper Saddle River, N.J. The plant is located in Bethlehem, Penn.

CAPITAL EXPENDITURES

Additions to fixed assets in recent years has been as follows:

1975	\$2,803,691	1980	\$1,919,775
1976	1,938,529	1981	5,965,646
1977	1,454,704	1982	4,837,082
1978	4,237,245	1983	2,806,871
1979	6,032,521	1984	3,001,441

HISTORY

The company was incorporated under the name **J. Harris & Sons, Limited**, under the laws of the Province of Ontario by Letters Patent dated May 20, 1953. By S.L.P. dated Apr. 27, 1967, the company was changed from a private to a public company.

On May 16, 1967, the company acquired the inventory, accounts receivable, equipment and name of **Saunders Form Hardware** from **Saunders Form Hardware Ltd.**, a company owned by the bankrupt **Prudential Finance Co.** In October, 1967, the company acquired the equipment and the corporate shell of **Laurel Steel Products Ltd.**

In September, 1968, the company purchased **VSL Canada Ltd.** from **Losinger & Co., SA** of Switzerland. In late 1968, the company incorporated **J. Harris & Sons Developments (Middlesex) Ltd.**

In fiscal 1970, **VSL Ltée** was incorporated.

In December, 1974, the company acquired all outstanding shares of **Mancorp Limited**, holding company

for the Frankel group of structural steel companies. Consideration was \$5,760,530, satisfied \$3,736,561 by cash and by issuance of 539,725 Harris shares valued at \$2,023,969.

On Mar. 15, 1977, the company acquired all of the shares of Fisher & Ludlow Ltd. of Burlington, Ont. The net purchase price was \$821,319.

On June 19, 1978, the company purchased Quecor Steel Ltd. of Montreal for \$837,162. On Nov. 17, 1978, Thomsson Steel Company Inc. was purchased for \$591,867. Also during 1978, Epoxycote Rebar Inc. was incorporated and Frankel Structural Steel Limited changed its name to Frankel Steel Limited. Also during 1978, Mancorp Limited amalgamated with Frankel Steel Limited.

On Nov. 19, 1979 the company changed its name to its present form from J. Harris & Sons, Limited.

On Feb. 26, 1981, the company acquired all of the outstanding shares of Secord Manufacturing Limited for \$531,840 cash and 28,379 class A shares valued at \$4.50 per share. On Oct. 31, 1981, Frankel Steel Limited acquired Central Fabricators Ltd. for \$1,426,658 cash.

On Feb. 26, 1982, the company acquired all of the outstanding shares of Adam Clark Company (1982) Inc. for \$880,000 cash and 160,000 class A shares valued at \$5.75 per share.

In January, 1983, the company acquired Nedco Inc. for a cash payment of \$917,925. Subsequently the name of Nedco was changed to Laurel Steel of New England, Inc.

The company acquired 97.6% of G & H Steel Industries Limited at the expiry of its takeover offer on Apr. 18, 1983. Shareholders of G & H received \$5.75 per share for a total purchase price of \$8,024,525. The company has acquired the remaining shares outstanding pursuant to the provisions of section 199 of the CBCA.

On Oct. 1, 1983, the company sold Adam Clark Company (1982) Inc. to its employees.

In 1984, Laurel Steel Inc. of Michigan was incorporated. Also during 1984, G & H Steel Industries Limited became a division.

On Oct. 2, 1984, the company acquired for \$4,945,609, all of the shares of Steel Structures Holding Corp. of New Jersey.

WHOLLY-OWNED SUBSIDIARIES AND DIVISIONS

Laurel Steel Products Limited—5400 Fairview St., Burlington, Ont. L7L 5N5. Saunders Form Hardware is a selling division of this company.

VSL Canada—318 Arvin Ave., Stoney Creek, Ont. L8E 2M2.

Laurel Steel of New England, Inc.—P.O. Box 168, 137 High St., Mansfield, Mass.

Laurel Steel Inc.—46035 Grand River Ave., Novi, Michigan, 48050.

Epoxycote Rebar Inc.—Stoney Creek, Ont.

Frankel Steel Limited, 220 Attwell Dr., Rexdale, Ont., M9W 5B2.

Central Fabricators Ltd. 21st St. and 105th Ave., Edmonton, Alta. T6C 4G5.

Frankel Steel Construction Services Limited.

Thomsson Steel Company, Incorporated—7101 Wisconsin Ave., Suite 600, Beltsville, Maryland, 20814.

G & H Steel Industries—7690 Vantage Way, Delta, B.C. V4G 1A7.

Fisher & Ludlow—750 Appleby Line, P.O. Box 5025, Burlington, Ont. L7R 3Y8.

Secord Manufacturing—P.O. Box 3185, Station C, Hamilton, Ont. L8H 7K6.

Steel Structures Holding Corp.—120 Pleasant Ave., P.O. Box 98, Upper Saddle River, N.J. 07458.

OFFICERS AND DIRECTORS

Officers—M. E. Harris, chm. & pres.; James Wilson, v-p, marketing; Glenn Riddell, v-p, manufacturing; Bruce Timmerman, v-p, finance; Albert Baradziej, v-p, reinforcing mktg.; John Prosser, v-p, reinforcing engineering; G. J. Jackson, v-p; Lorie Waisberg, sec.; John Harris, gen. mgr., Western Rebar Ops.

Directors—M. E. Harris, J. W. Leech, G. J. Jackson, C. H. Franklin, B. D. Rose, all of Toronto; N. B. Ivory, Montreal, Que.; D. S. Shapiro, New York, N.Y.

CAPITAL STOCK

(As at May 30, 1985)

	Author.	Outstand.
Cl. A	Unlimited	6,634,998 shs.
Cl. B	Unlimited	3,105,532 shs.
Common	100 shs.	nil

Class A Non-voting—Entitled to a preferential non-cumulative quarterly dividend of 2½ cents per share. Dividends in excess of 2½ cents per share will be paid equally on class A and B shares. Non-voting unless the company has failed to pay dividends totaling 2½ cents per share for eight consecutive quarters.

Class B—Not entitled to dividends until 2½ cents per share paid on class A shares following which up to five cents per share per quarter may be paid. Entitled to one vote per share.

CHANGES IN CAPITAL STOCK

Upon becoming a public company by S.L.P. dated Apr. 27, 1967, the authorized capital comprised 1,000,000 common shares of no par value of which 400,000 shares were issued and outstanding.

By S.L.P. dated Jan. 31, 1969, the authorized and issued capital stock was split on a 2-for-1 basis, resulting in 2,000,000 common shares authorized of which 800,000 shares were outstanding.

During the fiscal year ended Dec. 20, 1969, 30,800 common shares were issued under the stock option plan and 43,000 shares were issued through a private placement.

In the 1972 fiscal year, 12,000 common shares were issued under the option plan, and in 1973, 13,750 common shares were issued under the plan, bringing the number of common shares outstanding at Dec. 31, 1973, to 899,550.

In June, 1974, common stock was split on a 3-for-1 basis, bringing the authorized capital stock to 6,000,000 common shares, no par value.

During 1974, 15,000 shares were issued under the stock option plan; and 539,725 shares were issued as partial consideration for the acquisition of the outstanding shares of Mancorp Ltd. This brought the number of common shares outstanding at Dec. 31, 1974, to 3,253,375.

By Certificate of Amendment dated Aug. 25, 1976, 3,253,375 issued shares were reclassified as convertible class A shares, no par value; the remaining 2,746,625 unissued shares were reclassified as 1,746,625 class A shares, 999,900 class B shares and 100 common shares; authorized capital was increased by creation of an additional 4,000,100 convertible class B shares, no par value. As a result, authorized capital comprised 5,000,000 convertible class A, 5,000,000 convertible class B and 100 common shares, all without par value.

During 1977, 6,000 shares were issued on exercise of outstanding options.

Between January and Apr. 12, 1978, the company repurchased and cancelled 81,943 class A and 80,000 class B shares for cash. Also during 1978, 31,000 shares were issued, of which 11,000 were under employee stock option plans.

Effective Nov. 14, 1979, two new classes of partici-

pating shares were created, designated as new class A and B shares. All existing class A and B shares were changed into common shares and immediately these common shares were changed into new class A and B shares on the basis of one new class A share and 1/2 of a new class B share for each common share.

During 1980, 5,200 class A shares were repurchased for cancellation and 6,000 class A and 3,000 class B shares were issued under the employees' stock option plan.

During 1981, 6,800 class A and 10,300 class B shares were purchased on the open market, 28,379 class A shares were issued as partial consideration for the purchase of a subsidiary, and 2,888 class A shares were issued under employment agreements.

During the first quarter of 1982, 5,100 class B shares were purchased and 160,000 class A shares were issued as partial satisfaction of the purchase price for all of the issued and outstanding shares of a subsidiary of Adam Clark Company Ltd. Also during 1982, 2,200 class A and 7,150 class B shares were purchased. Capital stock outstanding at Dec. 31, 1982, consisted of 3,317,499 class A and 1,552,766 class B shares.

By Certificate of Amendment dated Mar. 29, 1985, the class A and B shares were split on a 2-for-1 basis and authorized shares became unlimited in number. The split was effected by the issuance of one additional share to class A and B shareholders of record Apr. 11, 1985. Capital stock outstanding at May 30, 1985 thus comprised 6,634,998 class A and 3,105,532 class B shares.

PRICE RANGE OF STOCK

Class B

Year	High	Low	Year	High	Low
1979*	\$4.60	\$3.95	1982	\$6.00	\$3.00
1980	4.50	3.90	1983	9.50	4.80
1981	8.25	4.50	1984	8.75	5.88

*Listed Nov. 21.

Class A Non-voting

Year	High	Low	Year	High	Low
1979*	\$5.50	\$4.50	1982	\$9.50	\$4.10
1980	5.25	3.90	1983	9.75	4.30
1981	6.00	3.05	1984	8.88	5.63

*Listed Nov. 21.

DIVIDENDS

Class A Non-voting—Present rate is 20 cents per share per annum established with the quarterly dividend of five cents per share on June 28, 1985 (first following 2-for-1 split in April, 1985).

Following capital reorganization in November, 1979, five cents per share was paid Dec. 24, 1979 (first following reorganization) and Mar. 28, 1980. A rate of 24 cents per share per annum was paid quarterly from June 25, 1980 to Mar. 27, 1981, inclusive. Dividend rate of 28 cents per share was paid quarterly from June 26, 1981 to Mar. 29, 1985, inclusive. Subsequently the shares were split on a 2-for-1 basis in April, 1985.

Class B—Present rate is 20 cents per share per annum established with the quarterly dividend of five cents per share on June 28, 1985 (first following 2-for-1 split in April, 1985.)

Following capital reorganization in November, 1979, four cents per share was paid Dec. 24, 1979 (first following reorganization) and Mar. 28, 1980. A rate of 24 cents per share per annum was paid quarterly from June 25, 1980 to Mar. 27, 1981, inclusive. Dividend rate of 28 cents per share per annum was paid quarterly from June 26, 1981 to Mar. 29, 1985, inclusive. Subsequently the shares were split on a 2-for-1 basis in April, 1985.

Class A and B (old)—First dividend payment since becoming public was 6 1/2 cents per share on Oct. 2, 1967; this amount was paid regularly, quarterly, to Jan. 8, 1969, inclusive. Following a 2-for-1 split by S.L.P. dated Jan. 31, 1969, quarterly dividends of 3 1/2 cents per share were paid regularly from Apr. 7, 1969, to Apr. 13, 1970, inclusive. A tax-deferred dividend of 2 1/2 cents per share was paid Mar. 16, 1972, establishing a rate of 10 cents per share per annum, which was paid regularly, quarterly, to Apr. 1, 1974, inclusive.

Following a 3-for-1 split of the common shares in June, 1974, a dividend of 2 cents (tax-deferred) per share was paid June, 1974, establishing a rate of 8 cents (tax-deferred) per share which was paid regularly quarterly to December, 1974, inclusive. A rate of 16 cents (tax-deferred) per share per annum was paid regularly quarterly from March, 1975, to December, 1975, inclusive; and a rate of 20 cents (tax-deferred) per share per annum was paid regularly quarterly from March, 1976 to September, 1976, inclusive, following which common shares were reclassified as A and B shares.

Following the reclassification in 1976, a rate of 24 cents per class A share per annum was paid quarterly from Dec. 28, 1976 to Sept. 27, 1979. Class B shares were paid at an equivalent rate to class A but on a tax-deferred basis until Dec. 13, 1978.

An extra of 10 cents (tax-deferred) per share was paid Apr. 1, 1974.

TAX-DEFERRED DIVIDENDS

Since Dec. 22, 1971, the company has made the following tax-deferred dividend distributions:

Common Stock			
Amount	Record	Amount	Record
2 1/2c	Mar. 8/72	2 1/2c	June 20/74
2 1/2c	June 16/72	2c	Sept. 18/74
2 1/2c	Sept. 20/72	2c	Dec. 18/74
2 1/2c	Dec. 22/72	4c	Mar. 19/75
2 1/2c	Mar. 20/73	4c	June 19/75
2 1/2c	June 20/73	4c	Sept. 18/75
2 1/2c	Sept. 17/73	4c	Dec. 17/75
2 1/2c	Dec. 21/73	5c	Mar. 17/76
2 1/2c+		5c	June 18/76
*10c	Mar. 20/74	5c	Sept. 16/76
Class B			
Amount	Record	Amount	Record
15.1c	Dec. 16/76	6c	Mar. 15/78
5.1c	Mar. 16/77	6c	June 15/78
5.1c	June 17/77	6c	Sept. 14/78
5.1c	Sept. 16/77	6c	Dec. 13/78
5.1c	Dec. 14/77		

►First payment following 3-for-1 stock split, approved May, 1974. *Extra. †Initial.

LONG-TERM DEBT

Long-term debt outstanding at Dec. 31, 1984, totaled \$10,874,729 including \$620,988 due within one year. Debt was comprised of \$2,464,381 loan payable to Manufacturers Hanover Leasing Canada Limited at 13.25% repayable to Nov. 1, 1988; \$8,000,000 term bank loans; and \$410,348 other debt.

Note—The revolving term bank loans are subject to call or demand. The company has opted to have the loans remain a revolving credit facility. Should the company opt to convert the loans to a term facility, principal repayments of \$1,500,000 annually will commence on Apr. 30, 1985 and the interest rate would be prime plus 1/2% on \$2,000,000 and prime plus 1/2% on \$6,000,000.

Principal repayments during the next five years (not including possible term loan payments) were as follows: 1985, \$620,650; 1986, \$697,875; 1987, \$753,914; 1988, \$744,604; 1989, \$6,474.

INTERIM EARNINGS

Year	Gross Revenue	Net Inc. Oper.	Earns.* Per Sh.	Gross Revenue	Net Inc. Oper.	Earns.* Per Sh.	Gross Revenue	Net Inc. Oper.	Earns.* Per Sh.
	3 months			6 months			9 months		
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1978 ..	11,787	178	0.02	27,520	506	0.06	44,252	4	....
1979 ..	17,735	16	....	40,161	633	0.07	70,176	2,034	0.22
1980 ..	27,608	331	0.04	64,426	1,320	0.14	97,832	2,728	0.29
1981 ..	28,212	616	0.07	71,948	2,121	0.23	123,455	3,353	0.36
1982 ..	40,895	295	0.03	90,925	1,398	0.14	136,932	3,005	0.31
1983 ..	39,745	286	0.03	92,271	1,712	0.18	128,571	2,628	0.27
1984 ..	35,016	34	0.01	77,647	791	0.08	120,052	1,636	0.17
1985 ..	55,538	1,078	0.11	127,547	3,270	0.34			

*Adjusted throughout following capital reorganization effecting a 3-for-2 split in November, 1979; and 2-for-1 stock split in early 1985; per class A & B share.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEARS ENDED DEC. 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Source of Funds:							
Net income, operations	2,898	*4,705	4,212	4,938	4,547	3,049	153
Deprec. and amort.	2,517	2,412	2,175	1,656	1,310	1,092	692
Def. income taxes	1,291	825	1,629	1,073	930	670	■ 1,229
Sale fixed assets (net)	835	290	314	28	418	224	118
Issue common shs. ....	....	....	....	13	6	....	135
Provision discont. oper.	110	....	....	....	....	....	....
Proceeds long-term debt. ....	....	2,200	1,110	4,000	4,000	7,000	2,000
Decrease in investments .....	....	....	....	250	....	....	....
Other .....	....	75	....	....	....	16	....
	7,651	10,507	9,440	11,958	11,211	12,051	1,870
Application of Funds:							
Loss, discontinued oper. ....	....	1,088	....	....	....	....	....
Additions to fixed assets	3,001	2,807	4,837	5,966	1,920	6,033	4,237
Dividends	1,364	1,363	1,365	1,272	1,066	784	750
Red. long-term debt	869	468	2,003	1,965	4,891	511	6
Purchase of shares .....	....	....	46	80	23	....	672
Cost acq. subsids. (net)	26	2,046	38	2,751	....	....	1,508
Red. in w/c, disc. oper. ....	....	■ 142	1,044	....	....	....	....
	5,260	7,630	9,333	12,034	7,900	7,328	7,175
Increase working capital	2,391	2,877	107	▲76	3,311	4,723	▲5,305

▲Decrease. ■ Subtract.

*Continuing operations only.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	(\$000's)						
Sales & construction rev.	*172,351	*173,174	188,362	176,373	142,484	118,668	64,427
Less: Cost of sales, etc.	163,122	159,067	173,828	160,870	129,317	108,931	63,063
Net before deprec., etc.	9,229	14,107	14,534	15,503	13,167	9,737	1,364
Less: Deprec. & amort.	2,517	2,412	2,175	1,656	1,310	1,092	692
Int. on long-term debt	1,212	1,088	1,509	1,330	1,550	922	58
Other interest	1,626	1,887	3,547	3,831	2,415	2,634	492
Income taxes: Current	▶315	3,190	1,462	2,675	2,415	1,370	1,196
Deferred	1,291	825	1,629	1,073	930	670	▶1,229
Loss, disc. operations	▶84	1,204	.....	.....	.....	.....	.....
Net income, operations	2,982	3,501	4,212	4,938	4,547	3,049	153
Add: Extraordinary items● ....	.....	□ 836	□ 1,001	222	.....	.....	.....
Net income	2,982	2,665	3,211	5,160	4,547	3,049	153
Add: Previous ret. earns.	27,566	26,264	24,459	20,643	17,182	14,917	16,063
Less: Tax-deferred divids. ....	.....	.....	.....	.....	.....	.....	515
Adjustment■	480	.....	.....	.....	.....	.....	.....
Dividends	1,364	1,363	1,365	1,272	1,066	784	235
Excess price sh. acq. ....	.....	.....	41	72	20	.....	550
Retained earnings	28,704	27,566	26,264	24,459	20,643	17,182	14,917

●Comprises net loss on discontinuance of operations in 1983 and in 1982; gain on redemption of shares in other companies in 1981; net gain on sale of land and buildings, less net provision for loss on disposal of joist division in 1977. ▶Credit. □ Subtract.

*From continuing operations only.

■In 1978 a judgement was awarded against a subsidiary relating to defective structural work completed in 1967. In 1984, the company was unsuccessful in its appeal.

Remuneration—Of senior officers and directors as follows: \$1,208,962 in 1984; \$1,145,919 in 1983; \$1,110,333 in 1982; \$624,624 in 1981; \$600,585 in 1980; \$441,253 in 1979; \$355,713 in 1978.

Times Interest Earned:							
Before deprec. & amort.	3.25	4.74	2.87	3.00	3.32	2.74	2.48
After deprec. & amort.	2.37	3.93	2.44	2.68	2.99	2.43	1.22

Earnings per Share†:							
Common: Earned†	\$0.31	\$0.36	\$0.44	\$0.53	\$0.49	\$0.33	\$0.02
Earned†	0.31	0.27	0.33	0.55	0.49	0.33	0.02

†Based on net income, operations. ‡Based on net income.

▲Adjusted throughout for 2-for-1 split in April, 1985 and 3-for-2 split in 1979; based on weighted average number of shares outstanding.

Dividends Paid or Declared:							
Class A▲	\$0.28	\$0.28	\$0.28	\$0.27	\$0.23	\$0.05	.....
Class B▲	0.28	0.28	0.28	0.27	0.22	0.04	.....
Class A ....	.....	.....	.....	.....	.....	0.18	\$0.24
Class B ....	.....	.....	.....	.....	.....	0.18	▶0.24

▲Following reorganization and 3-for-2 split in November, 1979. ▶Tax-deferred.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Assets							
Current:							
Accounts receivable	40,655	34,707	39,477	41,098	25,580	27,676	14,445
Inventories†:							
Raw mat. & work-in-proc. .	23,392	15,116	17,390	26,039	13,537	24,330	12,244
Finished goods	5,242	4,327	3,372	3,015	1,887	996	700
Unbilled contract costs	4,589	14,149	9,839	7,836	5,957	4,908	6,356
Prepd. exp. & sund. asst.	495	426	278	505	217	729	418
Other assets .....	.....	.....	.....	.....	.....	.....	.....
	74,373	68,725	70,356	78,493	47,178	58,639	41,165
Share invest. at cost* .....	.....	.....	.....	.....	29	29	44
Fixed assets:							
Land & buildings	13,292	12,842	11,601	10,337	8,138	7,954	5,835
Mach. & equip.	32,852	29,344	26,643	22,810	16,456	15,540	11,926
Less: Depreciation	18,142	14,898	12,404	9,786	7,722	6,873	5,917
	28,002	27,288	25,840	23,361	16,872	16,621	11,844
Deferred income tax .....	.....	.....	.....	.....	.....	.....	400
Goodwill, at cost	1,727	1,532	1,572	1,267	476	536	596
	104,102	97,545	97,768	103,121	64,555	75,825	54,050
Liabilities							
Current:							
Bank indebtedness	14,447	20,583	25,376	24,800	16,299	23,426	17,365
Act. pay. & accr. liab.	29,191	20,098	20,672	24,419	9,152	18,540	13,425
Curr. portion l.-t. debt	621	467	415	1,964	317	511	10
Inc. & other taxes pay.	4,245	1,184	1,991	2,450	3,001	1,339	396
Def. inc. tax, curr. port.	6,240	7,900	6,017	5,114	3,788	3,513	3,354
Unearned rev. & advances	190	964	1,233	5,201	.....	.....	.....
Other .....	.....	.....	.....	.....	.....	.....	27
	54,934	51,196	55,704	63,948	32,557	47,329	34,579
Long-term debt:							
Loan payable	2,465	2,918	3,317	3,668	3,976	.....	.....
Bank loan payable	8,000	8,000	5,800	8,000	4,000	9,000	2,000
Other	410	132	149	41	23	30	36
Mortgages .....	.....	.....	.....	.....	.....	55	58
Less: Current portion	621	467	415	1,964	317	511	10
	10,254	10,583	8,851	9,745	7,682	8,574	2,084
Deferred income taxes	6,690	4,680	3,428	2,364	1,200	270	.....
Shareholders' Equity							
Class A & B shares	3,520	3,520	3,521	2,605	2,473	2,470	2,470
Retained earnings	28,704	27,566	26,264	24,459	20,643	17,182	14,916
	104,102	97,545	97,768	103,121	64,555	75,825	54,050
*Market value .....	.....	.....	.....	.....	250	225	254

†At lower of cost and market value; determined on a weighted average basis for structural steel and on a first-in, first-out basis for all other.

Commitments—Aggregate future minimum lease payments at Dec. 31, 1984 totaled \$7,089,664 payable as follows: 1985, \$1,421,000; 1986, \$1,250,000; 1987, \$1,041,000; 1988, \$862,000; 1989, \$723,000.

Working Capital: (\$000's)

Current assets	74,373	68,725	70,356	78,493	47,178	58,639	41,165
Current liabilities	54,934	51,196	55,704	63,948	32,557	47,329	34,579
Working capital	19,439	17,529	14,652	14,545	14,621	11,310	5,586
Ratio	1.35—1	1.34—1	1.26—1	1.23—1	1.45—1	1.24—1	1.19—1

Equities:

Net worth* (\$000's)	32,224	31,086	29,785	27,064	23,337	19,849	17,596
Class A & B	\$3.31	\$3.14	\$3.06	\$2.87	\$2.48	\$2.11	\$1.87

*Available for class A and B shares. Based on shareholders' equity with adjustments for market value of shares held (when available).

■ Adjusted throughout to reflect 2-for-1 split in April, 1985 and 3-for-2 split in November, 1979.

Shares Outstanding:

Class A, n.p.v.	3,317,499	3,317,499	3,317,499	3,159,699	3,135,232	3,134,432	1,013,561
Class B, n.p.v.	1,552,766	1,552,766	1,552,766	1,559,916	1,570,216	1,567,216	2,120,871

▲Following reorganization and 3-for-2 split in November, 1979.

HISTORICAL SUMMARY

(As originally stated in company's annual reports for the respective years)

Year	Total Assets	Net Fixed Assets	Working Capital	Shldrs.' Equity	Total Revenue	Net Inc. Oper.	Earns. Per Sh. \$	Price Range High \$	Low \$
				\$000's					
1968 ..	4,618	1,111	705	1,102	8,466	86	0.22		
1968▲ ..	5,490	1,190	778	1,190	6,080	136	0.34		
1969 ..	6,449	1,212	975	1,509	13,670	99	■ 0.11	▼8.87	▼3.40
1970 ..	5,921	1,052	892	1,673	13,017	168	0.19	4.25	1.50
1971 ..	6,245	927	1,194	1,924	14,562	245	0.28	3.75	2.05
1972 ..	6,048	938	1,254	2,107	15,794	243	0.28	4.25	2.60
1973 ..	8,271	1,299	2,766	3,367	20,432	1,332	1.48	7.50	2.75
1974 ..	29,455	5,576	9,884	10,904	40,870	5,839	■ 2.12	■ 5.13	■ 2.10
1975 ..	29,165	6,861	8,971	15,204	55,216	4,823	1.48	6.00	4.00
1976 ..	33,243	7,954	9,412	16,444	58,592	1,995	0.61	5.00	3.70
1977 ..	30,771	8,069	11,892	18,521	55,120	2,432	0.75	4.00	3.25
1978 ..	54,051	11,844	6,586	17,387	64,427	154	0.05	8.00	3.45
1979 ..	75,825	16,621	11,310	19,653	118,668	3,049	■ 0.65	■ 5.50	■ 4.50
1980 ..	64,555	16,873	14,621	23,116	142,484	4,547	0.97	5.25	3.90
1981 ..	103,121	23,361	14,545	27,064	176,373	4,938	1.05	9.50	4.10
1982 ..	97,768	25,840	14,652	29,785	188,362	4,212	0.87	6.00	3.05
1983 ..	97,545	27,288	17,529	31,086	*173,174	3,501	0.72	9.75	4.30
1984 ..	104,102	28,002	19,439	32,224	*172,351	2,982	0.62	8.88	5.63

■ Following 2-for-1 split January, 1969; a 3-for-1 split in June, 1974, and a 3-for-2 share exchange in November, 1979; common until 1975; class A subsequently.

▼ Listed May 14.

▲ 26-week period due to change in fiscal year-end.

* From continuing operations.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)